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Bill			
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For:	Kathleen Vinehout (608) 266-8546	By/Representing:	Joel Nilsestuen
May Contact	:	Drafter:	btradewe
Subject:	Environment - mining	Addl. Drafters:	
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Submit via e Requester's e Carbon copy	email: Sen.Vinehout@legis.v	visconsin.gov	
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Bill Request Form

Legislative Reference Bureau One East Main Street, Suite 200

Legal Section 266-3561

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Person submit	ting request (name a	nd phone number)	Joel 1	1/15estu	<u> </u>
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Statute section You may attack 2003 AB-67). Requests are	that might be affect of hack a marked-up copy of Confidential unless of YES If yes:	ed, list them or provi	de a marked-up NR 13 Divide its number ACTILITY ay we tell othe YES NO YES NO	copy. (e.g., 2005 LRB (e.g. that we are v	-2345/1 or S / vorking on

Exploration is defined as drilling into the subsurface for the purpose of searching for metal-bearing minerals.

Under Wisconsin law, exploration is synonymous with drilling. All aspects of drilling activity are subject to regulation by the DNR: the location of the drillhole and drilling pad; the entire area used by the drill rig and the supplementary drilling equipment; construction of the drillhole to protect any water-bearing strata encountered; and the reclamation and closure (abandonment) of the drillhole.

Exploration is defined as

the onsite geologic examination from the surface of an area by core, rotary, percussion or other drilling, where the diameter of the hole does not exceed 18 inches, for the purpose of searching for metallic minerals or establishing the nature of a known metallic mineral deposit, and includes associated activities such as clearing and preparing sites or constructing roads for drilling.

> —s• 293.01(5); Wis. Stats., and NR 130.03(8), in part, Wis. Admin. Code

Through ch. NR 130, Wis. Admin. Code, as administered by the DNR, the state of Wisconsin requires that all companies engaged in metallic mineral exploration be licensed. Each license is in effect from July 1 of a calendar year through June 30 of the following calendar year. An exploration company (the licensee) must pay \$300 for the initial license year or part of a year and \$150 for each year the license is renewed. Companies are charged a fee of \$100 per drillhole for the first 20

exploratory holes per year and \$50 for each additional hole in any one year. In addition, the exploration company is required to post a minimum bond of \$5,000 to ensure successful reclamation. The DNR adjusts this minimum bond upward to guarantee that coverage is adequate to reclaim all drilling sites constructed by the licensee. The exploration company must also show proof of liability insurance coverage (\$50,000 minimum) for personal injury and property-damage protection. The DNR may also require additional insurance coverage.

The exploration company must give the DNR at least a ten-day notice before a drilling any hole and must notify the DNR prior to the actual start of drilling. The DNR must approve each drilling site prior to any drilling activity; the construction of the drillhole and its ultimate abandonment (filling in) are also supervised by the DNR.

The licensee is required to provide at least a **M**-hour notice of intent to abandon a drillhole. Following abandonment, the licensee files a report describing the abandonment activity. Drillholes may be aban-



Exploration (drilling) for metallic mineral occurrences in northern Wisconsin is shown in photograph above. About 0.25 acre of land is affected by each drillhole constructed. The drilling mast is placed at an angle to intersect the typically inclined rock strata as nearly perpendicular as feasible (see drawing, right).

doned temporarily (hole left open with a welded or threaded cap fixed to the casing to prevent any potential groundwater contaminants from entering the hole). Permanent abandonment requires the filling of the drillhole from bottom to top with cement grout or other approved material. All drillholes must be permanently abandoned and the drilling site reclaimed

before any part of the bond can be released and the exploration licensee's re-

sponsibility for the drillhole construction can be terminated.



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State of Misconsin 2011 - 2012 LEGISLATURE



2011 SENATE BILL 406

January 27, 2012 - Introduced by Senator Vinehout, cosponsored by Representatives Danou, Bernard Schaber, Roys, C. Taylor, Berceau and Pocan. Referred to Committee on Natural Resources and Environment.

AN ACT to create 59.69 (4i), 60.61 (3e) and 62.23 (7) (hj) of the statutes; relating

to: notice requirements for zoning actions related to frac sand mining.

Analysis by the Legislative Reference Bureau

Under current law, a political subdivision (a city, village, town that is authorized to exercise village powers, or county) is authorized to enact zoning ordinances that regulate and restrict the height, number of stories, and size of buildings and other structures, the percentage of lot that may be occupied, the size of yards and other open spaces, the density of population, the location and use of buildings, structures, and land for various purposes, and the areas in which agriculture, industry, mining, and other activities may be conducted.

Under this bill, before a political subdivision may take any action on an application for a frac sand mine, the governing body must publish a class 1 notice at least 30 days before the meeting, and must also send written notice of the meeting, by first class mail, at least 30 days before the meeting, to the owner or occupant of any land that is located within one mile of the proposed mine.

The bill defines frac sand as a type of industrial sand that could be used in deep well applications to prop open rock fissures and increase the flow rate of natural gas or oil.

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SENATE BILL 406

 $\mathbf{2}$

SECTION 1.	59.69	(4i) of	the	statutes is	created	to read.

- 59.69 (4i) Frac sand MINING. (a) *Definition*. In this subsection, "frac sand" means a type of industrial sand that could be used in deep well applications to prop open rock fissures and increase the flow rate of natural gas or oil.
- (b) Notice requirements. The board may not take any action on an application for a frac sand mine unless the board gives notice of the meeting at which it plans to take action on the application by publishing a class 1 notice, under ch. 985, at least 30 days before the meeting. The board must also send written notice of the meeting by 1st class mail, at least 30 days before the meeting, to the owner or occupant of any parcel of land that is located within one mile of the site where the proposed frac sand mine is to be located.
 - **SECTION 2.** 60.61 (3e) of the statutes is created to read:
- 60.61 (3e) Frac sand mining. (a) *Definition*. In this subsection, "frac sand" means a type of industrial sand that could be used in deep well applications to prop open rock fissures and increase the flow rate of natural gas or oil.
- (b) Notice requirements. The town board may not take any action on an application for a frac sand mine unless the board gives notice of the meeting at which it plans to take action on the application by publishing a class 1 notice, under ch. 985, at least 30 days before the meeting. The town board must also send written notice of the meeting by 1st class mail, at least 30 days before the meeting, to the owner or occupant of any parcel of land that is located within one mile of the site where the proposed frac sand mine is to be located.
 - **Section 3.** 62.23 (7) (hj) of the statutes is created to read:

SENATE BILL 406

62.23 (7) (hj) Frac sand mining. 1. In this paragraph, "frac sand" means a type
of industrial sand that could be used in deep well applications to prop open rock
fissures and increase the flow rate of natural gas or oil.
2. The governing body of a city may not take any action on an application for
a frac sand mine unless the governing body gives notice of the meeting at which it
plans to take action on the application by publishing a class 1 notice, under ch. 985,
at least 30 days before the meeting. The governing body must also send written

8 notice of the meeting by 1st class mail, at least 30 days before the meeting, to the 9

owner or occupant of any parcel of land that is located within one mile of the site

where the proposed frac sand mine is to be located.

SECTION 4. Initial applicability.

(1) This act first applies to to an application for a frac sand mine that is filed with a political subdivision on the effective date of this subsection.

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State of Wisconsin 2013 - 2014 LEGISLATUI



5000 (m 3/12)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION





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AN ACT ...; relating to: requirements relating to exploration for a type of 1 2

industrial sand and making an appropriation.

Analysis by the Legislative Reference Bureau

This is a preliminary draft. An analysis will be provided in a subsequent version of this draft.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- **SECTION 1.** 20.370 (2) (gt) of the statutes is created to read: 3
- 20.370 (2) (gt) Nonmetallic mining frac sand exploration. All moneys 4 received under s. 295.22 for regulation of exploration for frac sand. 5
 - **Section 2.** 25.46 (19) of the statutes is created to read:
- The moneys received under s. 295.22 for environmental 7 **25.46 (19)** 8 management.
- SECTION 3. Chapter 295 (title) of the statutes, as affected by 2013 Wisconsin 9 Act 1, is amended to read: 10

1	CHAPTER 295
2	NONMETALLIC MINING RECLAMATION;
3	OIL AND GAS;
4	FERROUS METALLIC MINING
5	SECTION 4. Subchapter I (title) of chapter 295 [precedes 295.11] of the statutes
6	is amended to read:
7	CHAPTER 295
8	SUBCHAPTER I
9	NONMETALLIC MINING RECLAMATION
10	SECTION 5. 295.22 of the statutes is created to read:
11	295.22 Exploration for frac sand. (1) Definitions. In this section:
12	(a) "Abandon" means to fill or seal a drillhole.
(13)	"Driller" means a person who performs core, rotary, percussion, or other
14	drilling involved in exploration for frac sand.
(5)	(C)—(b) "Exploration" means the on-site geologic examination from the surface of
16	an area by core, rotary, percussion, or other drilling of holes that do not exceed 18
17	inches in diameter for the purpose of searching for frac sand or establishing the
18	nature and extent of a known frac sand deposit and associated activities such as
19	clearing and preparing sites and constructing roads for drilling.
20	(d) (e) "Frac sand" means a type of industrial sand that can be used in deep well
21	applications to prop open rock fissures and increase the flow rate of natural gas or
22	oil.
(23)	(\mathcal{C}) (d) "Licensee" means a person with an exploration license under this section.
(24)	(+)-(e) "Parcel" means an identified section, fractional section, or government lot.

 $\overline{11}$

1	(9)(F) "Termination" means filling of drillholes and reclamation and revegetation
2	of drilling sites.

- (2) LICENSE. No person may engage in exploration, or contract for the services of a driller for purposes of exploration, unless the person has a license from the department under this section. A person applying for an exploration license shall submit with the application a fee of \$300 for an initial license and \$150 for a renewal. Exploration licenses expire on June 30 each year.
- (3) BOND. (a) A person seeking an exploration license shall submit with the application a bond in the amount of \$5,000 conditioned on faithful performance of the requirements of the department relating to termination.
- (b) The department may require equip the amount of a bond submitted under par. (a) to be increased if the department determines that a licensee's level of activity makes it likely that the bond would be inadequate to fund the termination of all drillholes for which the licensee is responsible.
- (c) The department may not release any part of a bond under this subsection until the licensee satisfactorily completes termination at the parcels covered by the bond.
- (4) Insurance. A person seeking an exploration license shall submit with the application a certificate of insurance showing that the person has in force a liability insurance policy issued by an insurance company licensed to do business in this state covering all exploration conducted or contracted for by the person in this state and affording personal injury and property damage protection in a total amount determined to be adequate by the department, but not less than \$50,000.
- (5) NOTICE PROCEDURE. (a) A licensee shall notify the department of the person's intent to drill on a parcel at least 10 days before the beginning of drilling.

1	(b) A licensee shall notify the department, orally or in writing, before the
2	beginning of drilling of each drillhole.
3	(c) A licensee shall notify the department, orally or in writing, at least 24 hours
4	before filling a drillhole.
5	(6) ABANDONMENT. A licensee shall abandon each drillhole in a manner
6	approved by the department.
7	(7) Drilling fees. A licensee shall pay to the department a drilling fee of \$100
8	for each of the first 20 holes drilled in a license year and \$50 for each additional hole
9 B	drilled in the license year.
10	(8)- (7) License revocation or suspension. The department may revoke or suspend
11	an exploration license if it determines that any of the following apply:
12	(a) The licensee has not complied with a statute or with a rule of the
13	department.
14	(b) The licensee has failed to increase bond amounts to adequate levels as
$\frac{15}{8}$	provided under sub. (3) (b).
16	(9) (8) PUBLIC INFORMATION. The department shall make all of the following
17	available to the public:
18	(a) Information concerning licensees.
19	(b) Information concerning parcels on which exploration is being conducted,
20	including maps and descriptions of the parcels.
21	(END)

(END)

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DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-1268/P1dn RCT:....



Joel Nilsestuen:

This is a preliminary version of the proposal concerning the regulation of exploration for frac sand. Please review the draft carefully to ensure that it covers everything that you want it to cover.

Please contact me with any questions or redraft instructions.

Rebecca C. Tradewell Managing Attorney Phone: (608) 266–7290

E-mail: becky.tradewell@legis.wisconsin.gov

DRAFTER'S NOTE FROM THE LEGISLATIVE REFERENCE BUREAU

LRB-1268/P1dn RCT:eev:jm

March 12, 2013

Joel Nilsestuen:

This is a preliminary version of the proposal concerning the regulation of exploration for frac sand. Please review the draft carefully to ensure that it covers everything that you want it to cover.

Please contact me with any questions or redraft instructions.

Rebecca C. Tradewell Managing Attorney Phone: (608) 266–7290

E-mail: becky.tradewell@legis.wisconsin.gov

STATE OF WISCONSIN – LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

3/19/13 Per	Joel-1. Authorize	(rather than require) ploration. I have at the	
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Tradewell, Becky

From:

Nilsestuen, Joel

Sent:

Tuesday, March 19, 2013 10:52 AM

To: Subject: Tradewell, Becky LRB 1268/p1

Becky,

Thank you for the draft on regulation of frac sand exploration. We reviewed the draft and Sen. Vinehout wants to make a few changes:

- -Instead of DNR being the regulatory body, Sen. Vinehout wants counties to fulfill this role.
- -Under the licensing section, we'd like counties to have the authority to determine initial and renewal fees. The same goes for drilling fees.

Thank you! -- Joel

Joel Nilsestuen Office of Sen. Kathleen Vinehout

PO Box 7882 Madison, WI 53707-7882

(608) 266-8546 Joel.Nilsestuen@legis.wisconsin.gov

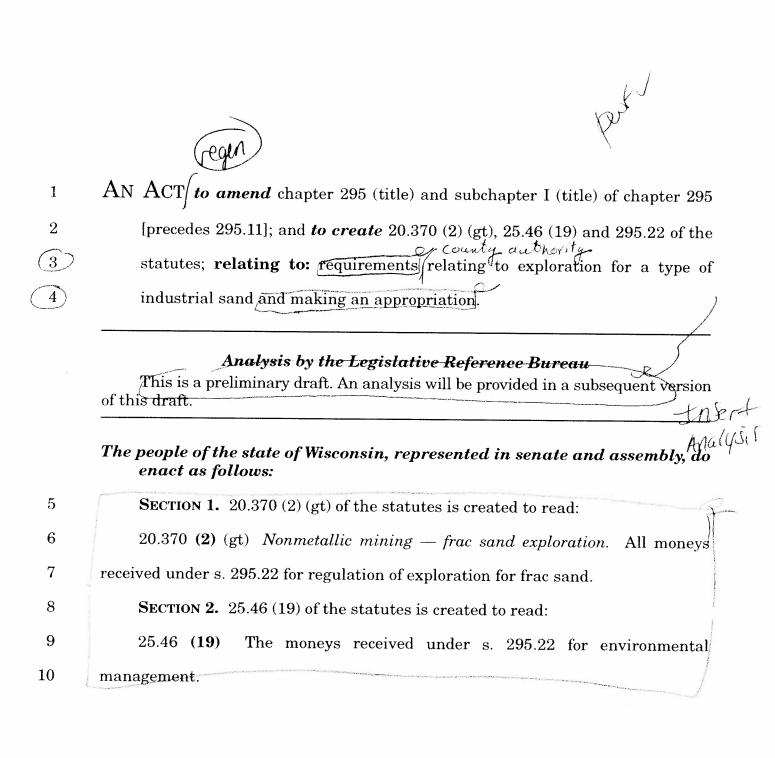


State of Misconsin 2013 - 2014 LEGISLATURE

5000 (m 3/20)



PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION



1	Section 3. Chapter 295 (title) of the statutes, as affected by 2013 Wisconsin
2	Act 1, is amended to read:
3	CHAPTER 295
4	NONMETALLIC MINING RECLAMATION;
5	OIL AND GAS;
6	FERROUS METALLIC MINING
7	Section 4. Subchapter I (title) of chapter 295 [precedes 295.11] of the statutes
8	is amended to read:
9	CHAPTER 295
10	SUBCHAPTER I
11	NONMETALLIC MINING RECLAMATION
12	Section 5. 295.22 of the statutes is created to read:
13	295.22 Exploration for frac sand. (1) Definitions. In this section:
14	(a) "Abandon" means to fill or seal a drillhole.
15	(b) "Driller" means a person who performs core, rotary, percussion, or other
16	drilling involved in exploration for frac sand.
17	(c) "Exploration" means the on-site geologic examination from the surface of
18	an area by core, rotary, percussion, or other drilling of holes that do not exceed 18
19	inches in diameter for the purpose of searching for frac sand or establishing the
20	nature and extent of a known frac sand deposit and associated activities such as
21	clearing and preparing sites and constructing roads for drilling.
22	(d) "Frac sand" means a type of industrial sand that can be used in deep well
23	applications to prop open rock fissures and increase the flow rate of natural gas or
24	oil. (e) "Licensee" means a person with an exploration license under this section.
25)	(e) "Licensee" means a person with an exploration license under this section

1	(f) "Parcel" means an identified section, fractional section, or government lot.
2	(g) "Termination" means filling of drillholes and reclamation and revegetation
3 4	of drilling sites.
192/4)	(2) LICENSE No person may engage in exploration, or contract for the services
3 ₅	of a driller for purposes of exploration, unless the person has a license from the
6	department under this section. A person applying for an exploration license shall
7	submit with the application a fee of \$300 for an initial license and \$150 for a renewal
8	Exploration licenses expire on June 30 each year.
9	(3) BOND. (a) A person seeking an exploration license shall submit with the
10	application a bond in the amount of \$5,000 conditioned on faithful performance of the
11)	requirements of the department relating to termination.
12	(b) The department may require the amount of a bond submitted under par. (a)
13	to be increased if the department determines that a licensee's level of activity makes
14	it likely that the bond would be inadequate to fund the termination of all drillholes
15	A county A county
$\widehat{16}$	(c) The department may not release any part of a bond under this subsection
17	until the licensee satisfactorily completes termination at the parcels covered by the
18	bond.
19	(4) Insurance. A person seeking an exploration license shall submit with the
20	application a certificate of insurance showing that the person has in force a liability
21	insurance policy issued by an insurance company licensed to do business in this state
(22)	covering all exploration conducted or contracted for by the person in this state and
23	affording personal injury and property damage protection in a total amount
(24)	determined to be adequate by the department, but not less than \$50,000.

LRB-1268/P1 RCT:eev:jm

SECTION 5

	county of licensee's
(1)	(5) NOTICE PROCEDURE. (a) A licensee shall notify the department of the person's
2	intent to drill on a parcel at least 10 days before the beginning of drilling.
<u> </u>	(b) A licensee shall notify the department, orally or in writing, before the
4	beginning of drilling of each drillhole.
(<u>5</u>)	(c) A licensee shall notify the department, orally or in writing, at least 24 hours
6	before filling a drillhole.
7	(6) ABANDONMENT. A licensee shall abandon each drillhole in a manner
(8)	approved by the department county (7) DRILLING FEES A licensee shall pay to the department a drilling fee of \$100
(9)	(7) DRILLING FEES. A licensee shall pay to the department, a drilling fee of \$100
10)	for each of the first 20 holes drilled in a license year and \$50 for each additional hole
(11)	Adrilled in the license year the county
12	(8) LICENSE REVOCATION OR SUSPENSION. The department may revoke or suspend
13	an exploration license if it determines that any of the following apply:
<u>14</u>)	(a) The licensee has not complied with a statute or with a rule of the
<u>(15)</u>	department.
16	(b) The licensee has failed to increase bond amounts to adequate levels as
17	provided under sub. (3) (b).
18)	(9) PUBLIC INFORMATION. The department shall make all of the following
19	available to the public:
20	(a) Information concerning licensees.
21	(b) Information concerning parcels on which exploration is being conducted,
22	including maps and descriptions of the parcels.
23	(END)
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2013-2014 DRAFTING INSERT FROM THE LEGISLATIVE REFERENCE BUREAU

Analysis insert

Current law requires counties to regulate the reclamation of nonmetallic mining sites. Nonmetallic mining is the extraction of nonmetallic materials, including stone, gravel, clay, and sand.

This bill authorizes counties to issue licenses for frac sand exploration. Frac sand is a type of industrial sand that can be used in deep wells to prop open rock fissures and increase the flow of natural gas or oil. Exploration consists of drilling holes for the purpose of searching for frac sand or establishing the nature and extent of a frac sand deposit.

Under the bill, a person who applies to a county for a frac sand exploration license must submit a bond to ensure that drillholes will be properly filled and proof that the person has liability insurance covering personal injury and property damage. The bill requires a licensee to notify the county before beginning drilling and before filling a drillhole.

The bill requires the Department of Natural Resources to provide technical assistance related to frac sand exploration to a county upon request.

assistance relate

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Insert 3-3

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(1m) County Authority. A county may issue exploration licenses to persons who engage in exploration, or who contract for the services of a driller for purposes of exploration, in accordance with this section.

6 Insert 3-4

7 In a county that issues exploration licenses,

8 **Insert 3-7**

9 in the amount specified by the county

10 Insert 4-9

in the amount specified by the county

12 Insert 4-14

requirement imposed by the county

14 Insert 4–18

A county that issues exploration licenses

1 Insert 4-22

- 2 (10) Technical assistance. The department shall provide technical assistance
- 3 relating to exploration at the request of a county.

Basford, Sarah

From:

Nilsestuen, Joel

Sent:

To:

Subject:

Monday, April 08, 2013 11:02 AM LRB.Legal Draft Review: LRB -1268/1 Topic: DNR regulation of exploration for frac sand

Please Jacket LRB -1268/1 for the SENATE.